



MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Violet Varona-Lukens, Executive Officer
Clerk of the Board of Supervisors
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Chief Administrative Officer

At its meeting held August 9, 2005, the Board took the following action:

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The following item was called up for consideration:

The Chief Administrative Officer's recommendation to approve the Grand Avenue Implementation Plan as submitted by the Related Companies, L.P., and approved by the Grand Avenue Authority, as the framework for development of two County-owned parcels in the vicinity of Grand Avenue and First Street, Los Angeles (1), as well as other nearby parcels, development of the County Mall into a Civic Park, and streetscape improvements along Grand Avenue; and find that the Implementation Plan is exempt from the California Environmental Quality Act.

Frank Gehry; Eli Broad, Chairman, Paul S. Rutter, Esq, and Martha Welborne, Managing Director, Grand Avenue Committee; and Bill Witte, representing The Related Partners for California, responded to questions posed by the Board.

Malcolm Klugman, Benjamin Beach representing the Legal Aid Foundation of Los Angeles, Victor Franco, Jr. representing the Central City Association, Damon Gonzales representing the District Council 30, Corporate Relations, also addressed the Board.

After discussion, Supervisor Antonovich made the following statement:

"The Grand Avenue Implementation Plan under consideration by the Board of Supervisors is a concept plan that regrettably leaves many questions unanswered. Despite two years of discussions about the project, it was only in the past two weeks that the Board was provided with an appraisal, one commissioned by the developer and not the County. The Board has no independent risk analysis, no outside marketing study, and no third-party review of a developer pro-forma. The terms of the ground lease and development agreement remain to be negotiated. The amount of total public subsidy is not quantified. Finally, there is relatively little information about the much-touted Civic Park, the primary selling point for the entire project.

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“Given the information submitted to the Board, it is clear that County analysts have concerns about the financial terms of the project. In the Board letter the Chief Administrative Officer states that a potential County subsidy ‘has yet to be determined and would be the subject of further negotiations.’ A report by an outside economist notes that ‘this project is definitely not a revenue-maximizing plan for the landowner.’

“The County-owned land atop Bunker Hill is property that the Board of Supervisors holds in trust for the 11 million tax-paying residents of the County of Los Angeles. It has been suggested that today’s vote is merely to approve a concept and that all of the deal points will be considered later. This reasoning is flawed, in the sense that an endorsement today presumes approval of ground leases and a development agreement that have not been negotiated and are only identified in broad terms.

“Furthermore, the extent of public subsidy has not been quantified, and only within the past week did the County receive a request for a \$16.4 million subsidy to the developer. The combination of these factors argues in favor of further analysis and deliberation before the Board commits to the Grand Avenue Project.”

Therefore, Supervisor Antonovich made a motion that the Board take the following actions:

1. Instruct the Executive Officer of the Board to send a five-signature letter to the Grand Avenue Committee requesting that it renegotiate the terms of the Grand Avenue Project agreements to maximize revenue for the County;
2. Instruct the Chief Administrative Officer to send a letter to the City of Los Angeles Community Redevelopment Agency (CRA) indicating that the County will not provide a \$16.4 million subsidy to the project;
3. Instruct the Chief Administrative Officer to prepare a peer review or alternate independent analysis of the appraisal provided by The Related Companies and report back to the Board within 60 days;

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4. Instruct the Chief Administrative Officer to prepare an independent risk analysis that analyzes market risk, potential escalating construction costs, and a thorough identification of all proposed and future City of Los Angeles, CRA, and County subsidies that would be committed to the project, including any fee waivers provided by the County or City; and
5. Indicate its intent to extend the authority of the Grand Avenue Committee, and any other associated deadlines relative to the Grand Avenue Project, for ninety days.

Supervisor Yaroslavsky made the following statement:

“The intent of the Grand Avenue planning has included the possible use of Parcel W-2 for a County office building (including the potential replacement of the Kenneth Hahn Hall of Administration). Should the County make a determination to develop Parcel W-2 for a County office building, the County should be able to do so without delay. However, the Grand Avenue Implementation Plan provides that Parcel W-2 will not be developed until Phase 3, after the development of Parcels Q, L and M.

“The County is conditioning its approval of the Grand Avenue Implementation Plan on other issues that have been agreed to, in concept, by the parties and are important to the County to have documented prior to proceeding.”

After discussion, Supervisor Yaroslavsky made a motion that the Board adopt the Chief Administrative Officer’s attached recommendations as amended to include that the Board:

1. Condition its approval of the Chief Administrative Officer’s recommendations on the County’s retention of control of Parcel W-2 for a reasonable time, and reservation of the right to develop a County office facility on that site; and

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2. Agree that if the Board determines to build its office facility on Parcel W-2, the County shall retain its discretion to determine the scope and cost of that facility, and the County will honor the intent of the Grand Avenue vision by coordinating its planning for its development of Parcel W-2 with the developer of Parcel Q and by jointly planning interfacing and physical connections between the development on Parcel Q and the development on Parcel W-2 to integrate the developments as may be feasible.

Supervisor Knabe made a suggestion that Supervisor Yaroslavsky's motion be amended to also include Supervisor Antonovich's Recommendation Nos. 3 and 4, revised as follows:

- Instruct the Chief Administrative Officer to prepare a peer review or alternate independent analysis of the appraisal provided by The Related Companies and report back to the Board within 60 days as part of the negotiations that come back to the Board from each of the financial deals; and
- Instruct the Chief Administrative Officer to prepare an independent risk analysis that analyzes market risk, potential escalating construction costs, and a thorough identification of all proposed and future City of Los Angeles, CRA, and County subsidies that would be committed to the project, including any fee waivers provided by the County or City, as each of the financial deals comes back to the Board.

Supervisor Yaroslavsky accepted Supervisor Knabe's amendment.

Supervisor Yaroslavsky's motion, as amended, seconded by Supervisor Molina, was duly carried by the following vote: Ayes: Supervisors Burke, Knabe, Yaroslavsky and Molina; Noes: Supervisor Antonovich.

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Attachment

Copies distributed:
Each Supervisor
County Counsel